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RV BUSINESS

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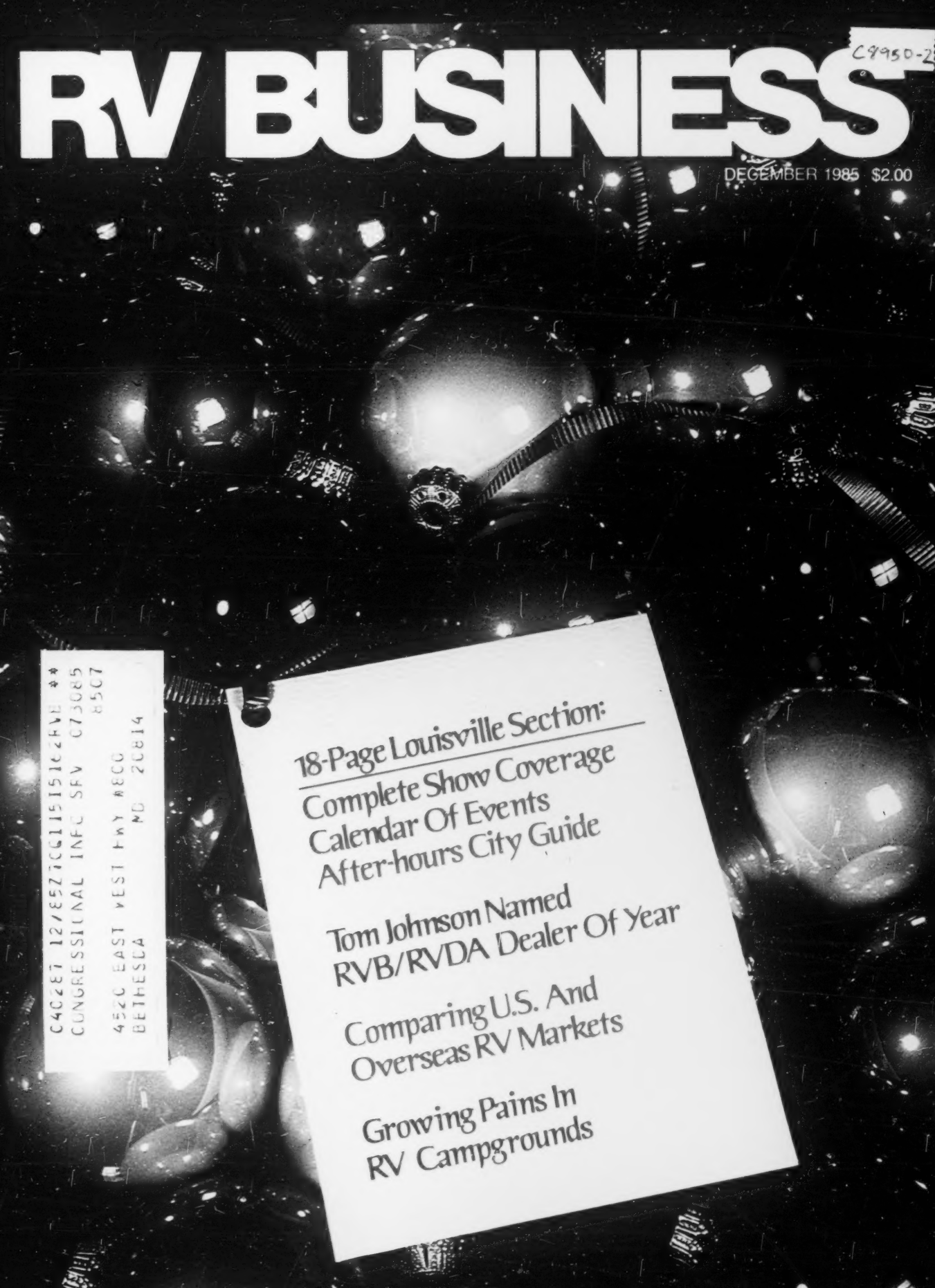

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18-Page Louisville Section:
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Comparing U.S. And
Overseas RV Markets

Growing Pains In
RV Campgrounds

RV BUSINESS

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Colleen Fenrich

Good business methods seem to come naturally to this soft-spoken man, and so does his good reputation—naturally.

GROWING PAINS IN RV CAMPGROUNDS
Beverly Edwards

Keeping pace with the rest of the industry costs—maybe as much as not keeping pace.

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AD OF THE MONTH
Ben Sussman

Dow put its thawts on paper and came up with an ad designed to frost its competition and instruct the consumer.

DEPARTMENTS

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ON THE COVER: These lovely Christmas ornaments represent RVB's recognition of tradition within the industry. The unusual pastel colors indicate our awareness of each new year's trends and directions that add to those traditions. Both tradition and spontaneity are in this issue's every feature from shows to showrooms. Photo: Darryl Grey.

Perspective

An analysis of RVB's monthly survey of its Dealer Advisory Board Members

GAYLORD MAXWELL

	NEW						USED					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	SEPT '85	SEPT '84	% CHANGE	1985	1984	% CHANGE	SEPT '85	SEPT '84	% CHANGE	1985	1984	% CHANGE
MOTORHOMES	97	82	+18%	1069	1054	+ 1	53	76	−30%	795	868	− 8%
TRAVEL TRAILERS	76	79	− 3%	858	914	− 6%	95	70	+35%	792	842	− 5%
TRUCK CAMPERS	13	11	+18%	178	161	+10%	11	16	−31%	120	178	−32%
CAMPING TRAILERS	69	94	−26%	1506	1543	+ 2%	22	19	+15%	348	281	+23%
FIFTH-WHEELS	21	24	−12%	261	317	−17%	8	6	+33%	83	86	− 3%

	FOR MONTH			YEAR-TO-DATE		
	SEPT '85	SEPT '84	% CHANGE	1985	1984	% CHANGE
SALES VOLUME	$6,954,912	$6,615,912	+ 5%	$83,612,557	$83,614,515	−less than 1%
TOTAL UNIT SALES	465	477	− 2%	6,010	6,244	−3%
NEW UNIT SALES	276	290	− 4%	3,872	3,989	− 2%
USED UNIT SALES	189	290	+ 1%	2,138	2,255	− 5%

In this year of yo-yoing sales, September turned out to be on the unwind. Sales slipped slightly from the previous year—not much, but enough to create more minuses than plusses in this report.

Sales volume was up slightly from the previous September, but unit sales slipped a bit. New units were slightly down, but used nudged into the plus column. Year-to-date, sales volume is almost the same as last year.

It has been a mixed-bag year. Twelve of the Dealer Advisory Board (DAB) members are ahead of last year in dollars taken in, 11 are down. In a few cases, increases and decreases are considerable (25-40 percent). On the whole, however, most dealers are about where they were last year at this time.

Eastern dealers seem to be doing better than those from other regions. Business is weakest among those DAB dealers in the south and west.

In numbers, used unit sales were not bad; in profits, they were the weakest they have been all year. Dealers are trying to get rid of some of their surplus inventory before winter, so they are taking short grosses in many cases.

MOTORHOMES

Along with truck campers, this type led the pack for September in terms of percentage of increase over the previous September. New unit sales were up 18 percent. For the year-to-date, however, the increase is only 1 percent. Used motorhome sales have been weak.

A couple of the large, motorhome specialists on the DAB doubled their sales over last September. On the other hand, another had a decline of 60 percent. Most average size multi-type dealers stayed about equal with last year.

Profits were rated fair to good—heavy on the fair.

TRAVEL TRAILERS

It has been a struggle for trailer dealers all year. Only a couple of DAB members have had gains, both through expansions of their facilities. The average trailer dealer is down, some drastically.

Various explanations are offered for the sales decline. Undoubtedly the tow rig problem is one of the foremost; big prices is another. Possibly one that is becoming more significant is that former big travel trailer buyers have bought or are going to buy park models in snowbird areas. The tremendous increase in popularity of that RV type in snowbird parks will undoubtedly increase the impact on large trailer sales.

Used trailer sales were very good during September, but the dealers who sold the most reported very weak profits. New unit profits were rated fair to good.

TRUCK CAMPERS

Those DAB members who deal in this RV type are doing well. The unit increase isn't large, but the percentages are high. For the year-to-date, this type is the percentage leader in new units sold. Also, profits are reported good.

Used campers don't seem to be moving well, though. The drop for the month and for the year-to-date is the highest for any type.

CAMPING TRAILERS

September wasn't a good month for this type. It seldom is, but this year it was a little worse than usual. Year-to-date, however, they are still slightly in the plus column in new unit sales.

Used sales have been good, too.

Profits were varied for the month, but the poor mark was very prominent.

FIFTH-WHEELS

New unit sales were down slightly for the month, but for the year-to-date, the drop is, in terms of percentages, the greatest of any type. Very few multi-type dealers get impressive numbers. The average dealer sells one to three units per month.

Used sales aren't bad—down only slightly for the year-to-date. Profits were rated fair to good. Δ

Perspective is a compilation of data provided by RVB's Dealer Advisory Board (DAB), a group comprised of 23 dealers representing a cross-section of the U.S. Dealer body. This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

RVIA, SEPTEMBER

The marketing committee of the Recreation Vehicle Industry Association has announced that the total number of recreational vehicles shipped from manufacturers' plants during September 1985 was 26,400 units, up 0.8% from September 1984.

The shipment figures released by the association are contained in a report compiled for the membership by RVIA's marketing committee under the chairmanship of Allen Yoder Jr. of Jayco Incorporated, Middlebury, Indiana.

RV shipments were as follows in Sept. 1985		Sept. 1984	Percent Change	Cumulative 1985	Cumulative 1984	Percent Change
TRAVEL TRAILERS	4,000	4,400	– 9.1%	45,400	55,800	– 18.6%
PARK MODELS	700	500	+ 40.0%	5,600	5,300	+ 18.9%
FIFTH-WHEELS	1,700	1,400	+ 21.4%	16,000	15,400	+ 3.9%
TRUCK CAMPERS	600	500	+ 20.0%	5,800	6,600	– 12.1%
MULTI-USE VEHICLES	11,900	11,700	+ 1.7%	127,500	134,200	– 5.0%
TYPE A: MOTOR-HOMES	2,300	2,500	– 8.0%	26,500	32,100	– 17.5%
TYPE B: VAN CAMPERS	300	300	0%	5,500	5,500	0%
TYPE C: MINI MOTOR-HOMES	2,100	2,000	+ 5.0%	23,500	27,200	– 13.6%
FOLDING CAMPING TRAILERS	2,800	2,900	– 3.5%	29,100	32,300	– 9.9%
TOTALS	26,400	26,200	+ 0.8%	284,900	314,400	– 9.4%

The Overseas RV Market

Yes, Virginia, the RV industry is alive and well outside the United States

MARTHA McCARTY

A survey of RV manufacturers in Europe, Australia and South Africa indicates that they—like U.S. manufacturers—have been through a difficult period; yet they tend to remain optimistic about the future. High interest rates, currency value and "nationalistic interests" were blamed as the main problems of RV production and sales from all three geographical areas.

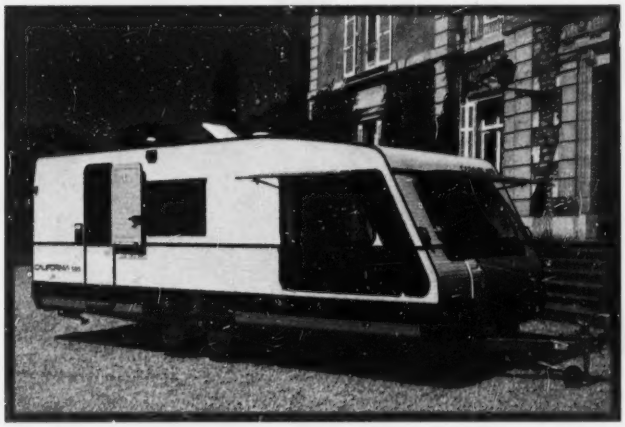
Responding for the European Caravan Federation, which lists members in 13 countries with links in three more, W.R. Innes, secretary general, notes, "The adverse economic situ-

PHOTOS COURTESY OF MANUFACTURERS

These foreign-made RVs represent manufacturers from Germany, France and Italy.

France

South Africa



France presents the three minis shown top left: Gruau, Pilote and Aristocrat. The Caravelair California travel trailer (above left) has enjoyed success.

South Africa's Wilk Amethyst exterior (top) and interior.

OVERSEAS RV MARKET

ation in Europe has affected all leisure activities, including the RV industry. For the past five years, production and sales have been falling, although there remains a strong public interest in all forms of RVing, as shown by attendance at the major exhibitions in Europe, and a steady demand for used vehicles."

Economic woes were also noted in Australia and South Africa. "The market has declined dramatically in 1985 . . . and looks like it will be coming off about 40 percent on 1984 figures," says T.N. Wiggill, group marketing director for South Africa's CI Industries. "We are in the midst of a very serious recession in South Africa, and sales are not as buoyant as they have been in previous years. High interest rates—on hire purchase between 28 and 30 percent—is the main reason for buyers being few and far between."

Australia's RV industry has also experienced a decline during the last few years. Graeme A. Marston, manager of Caravan Trade and Industries Association of Victoria, notes that the RV market in Australia "has declined from a total of 40,000 units sold in 1975-76 to 10,648 last year. The downturn in sales in Australia has been caused, first, by the petrol shortage scare in 1976-77 and since then by the reduction in the size and power of the average motor car, which restricts the number of vehicles capable of towing a good-size caravan."

It's not all bad, though; there is good news down under. The Recreational Vehicle Manufacturers Association of Australia's Executive Officer, Eric C. Baldwin, notes that the Australian RV industry is "starting to show a slow recovery with a gradual low annual increase."

In Europe, it is national interests that are causing problems. The European Caravan Federation, according to Innes, is "the only trade organization representing caravan manufacturing interests that is recognized by the United Nations (Economic Commission for Europe) and by the International Standards Organization. We actively defend manufacturing interests at meetings of these bodies. Much of our work is of a technical nature, and we work to break down technical barriers to international trade."

Andrew F. Kutzner, president of Executive Wohnmobile GmBH in West Germany, is not quite so restrained in his comments about the national interests. "Regretfully, despite its connotation, the EEC (European Economic Community, also called the Common Market) only stands for 'economics' and not for any agreed-upon standards. You need only look at the present hassle to get the catalytic converter on cars passed between the EEC members. While the EEC counts as many citizens as the United States does, our markets are still very dominated by nationalistic interests, which makes marketing—as well as production—a far more difficult task. All this is complicated even more by the six different languages spoken here—a costly tête-à-tête."

The editorial director of France's *Camping-Car*, Marc Rousseau, speaks also of the barriers in Europe. "You can imagine what happens between professional organizations of different countries when one of them decides on a new technical or

Denmark

Sweden

Denmark's CombiCamp 15-second setup (top) and kitchen.

Sweden's CI-Smålandia 450 and 500 (top) and CI-Sävsjö 525.

commercial rule. It's easy to say that it is disguised market protection, and this problem is accentuated by the fact that the opening of the different markets was not the same in the past year. The French one was really open; the German one was closed (especially for products coming from the south). Somebody could say that the English market was open, but you must not forget some details such as the necessity of building RVs with doors on the left side!

"But looking ahead," Rousseau speculates, "there are really many progresses made. The main reason is that the RV market situation is bad everywhere. Professionals understand that it is more interesting to look for global solutions than to fight for details."

Popularity of different RV types also seems to be a regional item. ARCA S.p.A. produces a Class C motorhome, which holds about 70 percent of the Italian market and which claims to be the most popular such model in Europe. All types of trailers, or "caravans," are popular in Australia, South Africa, Denmark, Sweden, France and the United Kingdom. Swedish production is geared "to the cold climate specifications for the Nordic countries of Sweden, Finland and Norway," according to Sveneric Rosell of CI Caravans Savsjo AB. "Caravans used for summer are imported from Germany and Yugoslavia."

Maria Patrizi of ARCA reports that supply problems plague their industry as it does the U.S. industry. Supply problems in Italy, for instance, are caused "by delays in chassis delivery. In fact, we have to program orders with a large advance. Special chassis like those available for motorhomes in the United States do not exist in Europe; as a consequence, the manufacturers must get them from commercial vehicles' production."

Supply problems, other than the aforementioned ones for Italian motorhome chassis, vary from country to country. Baldwin reports that Australian manufacturers have a problem "to a certain extent as most materials are imported due to lack of competitively priced local material." Denmark's Combi-Camp AS Managing Director Ib Agertoft says that "with careful planning, we have no supply problems."

"We do not have any supply problems and, in fact, have considerable capacity at the present time," replies Wiggill for the South African industry. "We are now looking at export opportunities. It seems to us that, with the significant decline in the value of our currency, which is the Rand, a number of markets may present new opportunities to us in spite of high transport costs."

Looking to the future, responding manufacturers list a number of areas about which they are excited. The English and Australians speak of "holiday caravans" that are permanently located in parks for weekend and vacation use, and the growing market of "residential caravans" or "transportable homes" (mobile homes). In South Africa, where caravans are often left on a permanent site, Wiggill sees "a trend toward more luxurious standards in respect of convenience and comfort. We have recently introduced a range of Wilk Caravans with unashamed luxury features and no-expense-spared quality materials and workmanship. We have very high hopes for significant market penetration with this new range."

Rousseau reports that the French manufacturers are look-

OVERSEAS RV MARKET *continued*

ing toward "the real start of the conventional motorhome." Patrizi says her company's trend is "rather in advance technologies and refined finishings to differ from the big number of procedures."

Executive Wohnmobile believes the "do it yourself" market and Class A motorhomes offer the greatest opportunities. Both the Swedish and Danish manufacturers believe their future lies in the export of their trailers to the United States, Canada and Australia.

The National Caravan Council Limited, representative body of the British caravan industry, recently organized a national television advertising campaign, promoting touring and holiday caravans. The basis of the campaign was primarily aimed at "identifying those customers who are interested in buying caravans and secondly, at changing the

RV Market Statistics 1983/84

	1983			1984		
	Tourers (All towables)	Motorized	TOTAL	Tourers (All towables)	Motorized	TOTAL
Belgium	3,500	100	3,600*	‡	‡	‡
Denmark	4,076*	—	4,076*	3,448*	—	3,448*
Eire	3,000*	—	3,000*	‡	‡	‡
Finland	2,967	50	3,017	3,395	100*	3,495*
France	56,527*	4,099	60,626	47,203	3,922	51,125
Italy	25,790	4,715	30,505	‡	‡	‡
Netherlands	18,502	‡	‡	‡	‡	‡
Norway	5,434	‡	‡	6,620	‡	‡
Sweden	6,373	190*	6,638	6,907	300*	7,282*
Switzerland	2,072	425	2,798	‡	‡	‡
United Kingdom	27,022	2,116	43,832	‡	2,322	‡
United States	127,500	69,500	499,279	133,300	82,000	517,493
West Germany	30,250	7,010	37,810	28,495	6,034	35,329

The above figures are not strictly comparable because they are based upon differing sources. These sources are production, registrations, sales and production plus imports minus exports. European figures courtesy of European Caravan Federation; United States figures courtesy of Recreation Vehicle Industry Association.
‡ Statistics Not Available
** Estimates*

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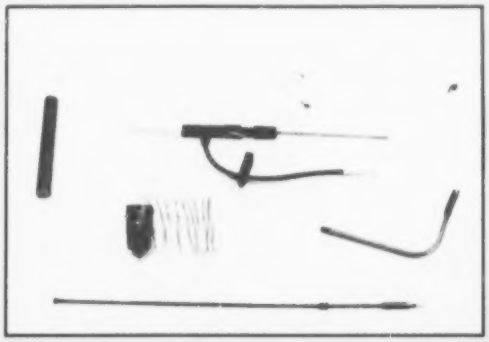

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OVERSEAS RV MARKET *continued*

Australia

Australia's Viscount Aero Lite pop-top travel trailer (top) and Viscount Grand Tourer model (above).

public's perceptions of caravans."

The RV world, it seems, is smaller than we may think. The Japanese, as reported in our November issue, may soon be approaching the U.S. market. On the other hand, while a few foreign manufacturers such as Esterel are cautiously testing the water of U.S. marketing, Europe openly announces its area to be the land of opportunity for U.S. RV products—especially component parts manufactured abroad. *continued*

Foreign RV Manufacturers' Associations

Recreational Vehicle Manufacturers Association of Australia
35 Mills Road
Dandenong, 3175 Victoria
Australia

European Caravan Federation
P.O. Box 33
Epsom, Surrey KT19 ONJ
Great Britain

Constructeurs Belges de Caravanes
Grootbosstraat 146
1641 Alsemberg
Belgium

Camping-Branchens Faellesorganisation
Borsen
1217 Kobenhavn K
Denmark

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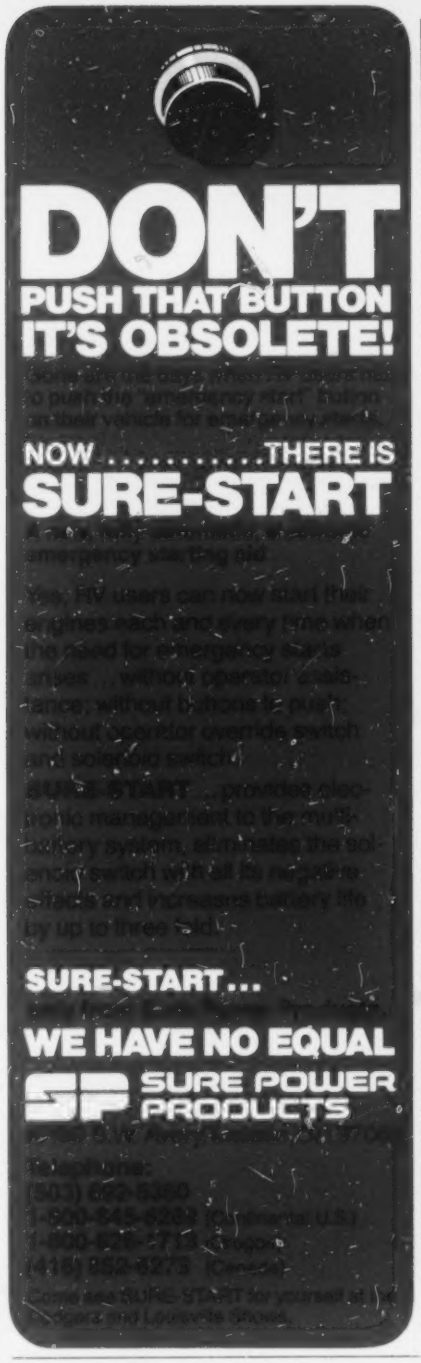

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OVERSEAS RV MARKET *continued*

Kutzner offers this opinion of component parts for European RVs: "I believe that American manufacturers have a ready, open and growing market here in Europe, but again the production will have to be at this side of the Atlantic because the fluctuating and overvalued dollar increases the price of U.S. goods by some 62 percent. There really is a lot of scope in Europe in this field because the real European components are in many ways behind the times."

The future of the RV industry abroad is as unpredictable as that of the industry in the United States. One thing seems certain, however, and that is that the RV market potential is limited only by our individual lack of vision—wherever we are. A

FOREIGN RV *from page 48*

Irish Caravan Council
2, Offington Court
Dublin 13
Eire

Suomen Asuntovaununtuottajat R.Y.
Kirkkotie
04300 Hyryla
Finland

Syndicat des Industries de la Caravane, des Vehicles et Residences de Loisirs
3-5 reu des Cordelieres
75013 Paris
France

Verband Deutscher Wohnwagenhersteller e.V
In der Schildwacht 41
6230 Frankfurt-am-Main-Nied 80
West Germany

Associazione Nazionale fra Industrie Automobilistiche
Corso Galileo Ferraris 61,
I-10128 Torino
Italy

Nederlandse Vereniging de Rijwiel-en Automobiel Industrie
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1078 GZ Amsterdam
The Netherlands

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Oslo 2,
Norway

Husvagnsbranchens Riksforbund
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S-114 86 Stockholm
Sweden

Schweizerischer Caravangewerbe-Verband/Union Professionnelles Suisse de Caravans
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8023 Zurich
Switzerland

National Caravan Council
Catherine House, Victoria Road
Aldershot, Hants. GU11 1SS
United Kingdom